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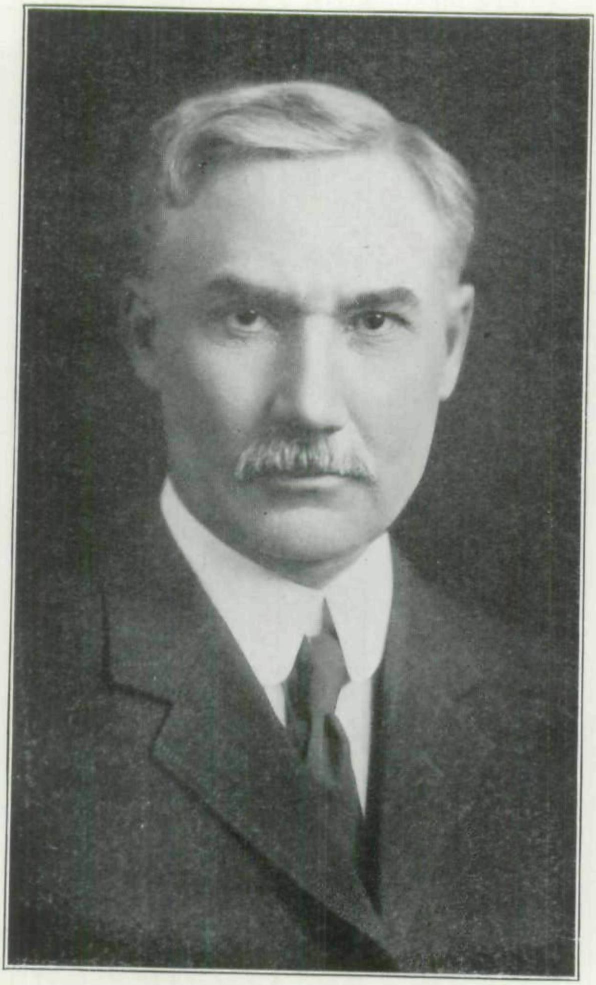

GEORGE E. ROBERTS
1857-1948

Journalist—Banker—Economist
Director of U. S. Mint, 1898-1907, 1910-1914

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GEORGE E. ROBERTS

By Wm. R. Boyd*

Something like seven weeks ago, I had a most enjoyable day with George E. Roberts at his comfortable home in Larchmont, New York. It was an experience I shall cherish while life lasts. Although he has been in retirement but two years, he is in the eighty-fifth year of his age, with mental force not one whit abated. He is the only one of the group which I have sought to sketch who is now living.

Mr. Roberts was born in Iowa. It might almost be said that he was born out of a depression—that of the middle fifties. His father, David Roberts, had lived in central New York, and was a potter by trade. Business was poor where the family lived, and the young man sought a better opportunity in the west. It meant a journey this generation cannot even imagine. He went to New York by the Erie canal, took a sailing ship to New Orleans and came up the Mississippi in a steamboat to southeastern Iowa. After trying out several places, he settled at Colesburg, not far from Dubuque, in Delaware county, and married Mary Harvey, a native of Maine, whose parents with eight children came to what is now a suburb of Moline, Illinois, in a covered wagon. On August 19, 1857, George Evan Roberts was born.

* One of a series of broadcasts by Mr. Boyd, in 1941 and 1942, over Station WSUI. Mr. Roberts died June 6, 1948, having attained ninety-one years of age. (See obituary in Iowa's Notable Dead section in this issue.)

Later the family took up its residence in Fort Dodge, Iowa. Here George E. grew up. He attended the Fort Dodge high school and was ambitious to continue his studies at the State University of Iowa. Family finances would not permit, however, and the ambitious young man entered a printing office. As was said in the sketch of Mr. Perkins, quoting his associate Mr. Heizer, "If a young man had brains and a desire to learn, a newspaper office was a veritable university, grounding one in English, history, economics—practically everything that was taught in college in the days of which we are writing, except the classics and the higher mathematics." Undoubtedly it is just as true of Mr. Roberts as it was, according to Mr. Heizer, of George D. Perkins of the *Sioux City Journal,* that "in mastery of the English idiom and a knowledge of history and economics he probably knew more by the time he had mastered the printer's trade than those who had spent four years in college." This we do know to a certainty—that his rise was rapid and sustained. He attended that incomparable school of journalism, the *Sioux City Journal,* as city editor under George D. Perkins, which resulted in a lasting friendship with Mr. Perkins. While yet a young man he came the editor and publisher of the *Fort Dodge Messenger.*

The years from the close of the Civil war until 1896 witnessed a continuous debate over various phases of the money question. During the war, the fallacy that governments could create value by governmental fiat was born. George E. was exposed to all the "isms" of that period, but his own good sense, wide reading along financial lines, and a father who was orthodox on the money question held him to the north star of sound doctrine.

Mr. Roberts soon became an influential member of his party. He was consulted by its leaders and then became a leader. He helped to write its platform and shape its policies. I believe John James Ingalls was more poetic than accurate when he says in his celebrated sonnet "Opportunity": "I knock but once and I return no more." Opportunity knocks frequently at some gates. But the opportunity which came to George E. Roberts, in the middle nineties, was one he seized upon, and it might almost be said, as Ingalls says of his allegorical hero: "And those who follow me reach every state mortals desire."

Exposed Harvey's Insidious Sophisms

Let me tell you very briefly the story. A craze for the "free and unlimited coinage of silver at the ratio of 16 to 1" was sweeping over the country. It was pictured as a panacea for all our economic ills. Bi-metalism had failed wherever it had been tried. It was contrary to an economic law as irrepealable as the law of gravity; but that made no difference. Hegel said, correctly, that "we learn nothing from history save this—that we learn nothing from history," and this fallacy was presented in a most sophistical and attractive way by a fellow named Coin Harvey. He published a small volume called "Coin's Financial School". It seemed to be as baffling to the financial experts as the influenza was to the doctors in 1918. Generally speaking, few escaped the "bug" it contained.

As Governor Shaw had said of a speech made by Bryan about the same time in his town, Denison, not so very far from Fort Dodge, that he could answer that speech if he had time—so George E. Roberts said to himself of this master fallacy which Coin Harvey had put out. Shaw answered Bryan—Roberts answered Harvey—and both went on from that point to national fame. Mr. Roberts' career was much longer than that of Secretary Shaw, and though it was less spectacular, we think the service he rendered, in the inculcation of sound economic principles, is unsurpassed by any man of his period.

Mr. Roberts answered Coin after his own method. He wrote a little book entitled "Coin at School in Finance." It was written in the language of the kindergarten—

crudely but effectively illustrated. The scene was a country schoolhouse. Harvey was seated beside the teacher's desk on a dunce block, with a dunce cap on his head. The teacher was Uncle Sam. One by one Harvey's fallacies were taken up by the teacher. It was pointed out—"you said thus"—"and so"—"in your book, didn't you?" When the statement was acknowledged, the teacher made its fallacy so clear that it was wiped out. When "Coin at School in Finance" was finished, "Coin's Financial School" was a dead soldier. Perhaps it is claiming too much to say that no one else could have done it—but it is an indisputable fact that no one else did do it.

The question now was—how to get it before the public. Mr. Roberts couldn't afford to print it and distribute it free of charge. He went to Chicago to see if he could find some person or organization of persons who would be willing to give it publicity. He found such an organization among the members of which was Lyman J. Gage, president of the First National Bank of Chicago. The committee looked the book over, approved it, and undertook to give it to the public. Along came the campaign of 1896, in which Coin's fallacies were ably championed by William J. Bryan, with his matchless oratory and though thousands of men, many of whom had never taken the stump before, volunteered their services to help defeat this fallacy and this threat of a repudiation, which would have cut the value of every outstanding obligation in half, it is probably true that the widespread circulation of this little book, written so clearly and so simply that a child could understand it, had more to do with the defeat of Mr. Bryan and the death (for the time being) of the silver heresy than any other single factor.

In 1897, Mr. McKinley was inaugurated president of the United States and Lyman J. Gage, who had approved "Coin at School in Finance" and helped to get it started on its educational way, was made Secretary of the Treasury. Mr. Gage took with him to Washington Frank A.

Vanderlip, one of the leading financial editors in Chicago, as his secretary. Although the silver heresy was buried, fathoms deep as we thought, the United States, by no means, had an ideal system of currency. It was sound enough but it lacked the element of elasticity. The truth is that we had had an ox-cart system of currency from the days of Andrew Jackson. It had been well-nigh impossible to educate the people to a system of bank currency, based not only on government bonds, as the old national bank currency was, but on quick assets, basic commodities in transit, so to speak. There had been some agitation in congress for this type of currency, but it hadn't gotten very far.

CALLED TO WASHINGTON

Being a newspaper man, Mr. Vanderlip knew the value of education along popular lines. He urged his ideas upon Mr. Gage. Mr. Gage agreed with his secretary and he said to him: "I know just the man who can do this jobe perfectly. His name is George E. Roberts. He lives out at Fort Dodge, Iowa. He is the author of the book that helped to beat Bryan, 'Coin at School in Finance'; but we haven't any money to employ such a person." "Make him Director of the Mint," suggested Vanderlip, "and let him spend part of his time helping out in this campaign of education." And so it came about that Mr. Roberts was made Director of the Mint. His writings and speeches attracted nationwide attention.

Mr. Roberts made a brief detour from the treasury into banking, and was for three years president of the Commercial National Bank of Chicago. But his chief interest lay in the creation of a sounder banking system and a more scientific currency system. So, when the Continental and Commercial banks were merged, Mr. Roberts went back to Washington.

Meantime, Mr. Vanderlip had risen rapidly in financial circles and in 1914 became president of the National City Bank of New York, the largest bank in the United

States. He invited Mr. Roberts to become the advisor to the president. A few years later he was made vice president and the bank's economist. He developed a monthly list of "bank offerings," into a circular letter, which soon came to be regarded as the best thing of its kind published in the United States. Bankers, business men, economists, were all eager to read it. Mr. Roberts was given great freedom of expression. Rarely, but now and then, the letter took up some phase of politics. For example, in 1924, when the third party ticket, consisting of the elder LaFollette and Senator Wheeler were running upon a platform advocating almost every type of uneconomic doctrine that had been hatched out by seekers after Utopia since the foundation of the world.

Mr. Roberts regards his work in this position, covering a period from 1914 to 1940, as his outstanding achievement. It is easy to agree with him. All the years that these monthly circular letters have been published, I have read them religiously, and I never read one that I did not profit thereby. Mr. Vanderlip, in his autobiography, "From Farm Boy to Financier," speaking of this circular, writes: "Mr. Roberts made the circular the really splendid thing it became. My recollection is that the circulation of that publication attained 200,000. Depositors, alert business men, bankers, editors and students of economics were the readers. . . . For a great many years I have regarded him as the most lucid writer in the country on subjects of business economics. Through that publication I think he has had profound effect on the nation by educating American business men."

Mr. Roberts' fame is not only national but international. He has spoken before innumerable business associations, economic clubs and at not a few colleges and universities. He was a member of the financial committee of the League of Nations from 1930 to 1932; he was one of a distinguished body of experts who were called upon in consultation by the Royal Commission on

Indian currency and finance, and rendered most useful service in many other capacities.

Prosperity Requires Balanced Industry

Since agreeing to make this series of broadcasts on prominent Iowans, I have read and re-read not a few of the addresses Mr. Roberts has made on various occasions, and on many different subjects. The wealth of material before me is so vast that it is difficult to make selection for an address such as this. First I think it may be said that the basis of Mr. Roberts' economic philosophy is that prosperity depends upon balanced industry. In an address delivered at the Iowa State College of Agriculture June 11, 1923, he said:

> The highest state of prosperity results from a balanced state of industry. We know that in order to obtain the best results in an individual industry all departments of the industry must be in balanced relations to each other, and so there is a normal equilibrium throughout industry which must be maintained in order to have prosperity. All business in the last analysis is simply an exchange of goods and services, and this being true all branches of industry must be so related that the products of every industry will be absorbed and consumed by the people in the other industries. This means that their interests, instead of being antagonistic, are necessarily interlocked and dependent upon each other. An injury to one affects them all.

Later, in one of the monthly letters, published in 1932, afterward republished in pamphlet form, on "Why Trade is Unbalanced," Mr. Roberts took as the text of his address, a statement made by Owen D. Young, at Notre Dame University in June 1922:

> No upward trend can take place unless all go up. No permanency of any trend can be guaranteed, unless we have sound and fair balance between all the units of our economic body.

Mr. Roberts has denounced again and again the fallacy certain groups cling to: viz., that they can keep the price of their products or their services up, while the prices of other things are going down. All such attempts Mr. Roberts denounces as unfair. He says:

> It is not only unfair but unworkable, for the economic law does not permit it. If the wage-earners could pick their gains out of the sky they might enjoy them, but when they come out

of other sections of the population the loss of purchasing power by the latter inevitably forces wage-earners out of employment, as witnessed in the last two years. It has upset the "sound, fair balance" in the industrial system. The whole situation affords another demonstration that the basis of sound economics is the moral law. In truth, the economic law and the moral law are one and the same.

Throughout the years we are now writing about, Mr. Roberts has been as impartial as it is possible for a man to be. He was seeking to serve the ends of no party—nor of those of any group. He did not hesitate to tell the farmers of the middle west, when they were speculating in land as wildly as anybody ever speculated in Wall street, that they were heading for catastrophe. He told them that in times of high prices they should apply extraordinary profits to the reductions of their debts. Had this advice been heeded, tragedy might not have been escaped altogether, but it would have been nothing like that which our farmers had to go through—especially those who did not heed Mr. Roberts' advice.

Mr. Roberts was absolutely non-partisan. He criticized the financial policies of the Republican administrations, following the war, as severely as he has criticized the financial policies of the New Deal. He points out that when we switched, because of World War I, from a debtor to a creditor nation, we expected to maintain an export balance, just as though Europe could continue her purchases on the pre-war basis. Of course we could not be in both debtor and creditor positions, as we soon found out. When the collapse came, Mr. Roberts opposed the popular demand that wages should be maintained at the war-time level. He insisted that with the war over, the law of supply and demand would naturally cause prices to decline, and that the important thing was to have all wages and prices come down together, so that all groups might trade with each other as before. He pointed out that since our farm products were largely exported, farmers had less control over prices than others, but if farm products fell, and other products did not, a great body of purchasing power would be lost to the other industries. On the other hand, he urged that if all wages and prices came down together, trade and consumption would be as large as ever and all would be prosperous. We know what happened to both farmers and wage-earners. One group suffered from lower prices, while the other held up wages, but lost its jobs. On the whole, the balance of trade and employment became very much less than before. Are we to have no more prosperity except in time of war?

Government All But Impotent

Mr. Roberts does not believe that the government can do anything permanently for industry. He believes that there are natural laws which govern industry—aye, moral laws—and that they cannot be set aside by governments without bringing about catastrophy, and that governments which persist in this policy must inevitably go bankrupt. He opposed the McNary-Haugen bill for relief of agriculture because he said it was a proposal to dump surpluses on foreign markets, and this was a game that one country could play as well as another, and would only make for greater price demoralization. He said: "Let each country take care of its own surplus; not dump on each other." He does not oppose adequate governmental regulations; but he has no use for the exercise of dictorial power by bureaucrats.

Mr. Roberts proves his thesis, we think, beyond peradventure, by numerous illustrations, which go far back into history, and those which are easily within the memory of living men. He said to me in our recent visit, referring to the fast that the Amana Society has gone capitalistic: "If people of their character, all men and women of good will and bound together by religious ties, could not be successful in a socialistic experiment, how could you expect one to succeed anywhere?"

Stressing the fallacy inherent in the theory that the government can manage things better than an individual, Mr. Roberts says:

> The view that the government can do everything is based upon the assumption that industry is static, moving in a routine, and

that the individual is an automaton to be moved about like a piece of machinery. It fails because it does not enlist the interest, the zest, the energy, the initiative of the people, and because the affairs of the great social order cannot be successfully directed by any small group who may be put in charge. Let anyone go about this country, viewing the variety of industry—take account of the changes being made, the new ideas being introduced, the multitude of experiments being tried, and conceive of trying to direct all the industries from headquarters!

I do not know that Mr. Roberts is especially a religious man, but he goes so far as to state that the fundamental laws of sound finance are based upon the teachings of Christ. He declares that when any group—be it laborers, farmers, bankers, manufacturers, or what not—seek to gain for themselves and temporarily do gain advantages which do not accrue in like measure to their fellows, the result is unbalanced industry, unemployment, and finally, if not remedied, chaos.

Over and over in his writings and in his speeches, Mr. Roberts stresses the fact that prosperity cannot be static. It must be universal, or nearly so. The more widespread it is, the better for all concerned. He would not be called a free trader, but he does believe that trade barriers everywhere should be lowered. He believes that if we had patience to go through the readjustment necessary to the lowering of some of the prohibitive trade barriers that have been erected (and we are erecting them between the several states of this Union right now, contrary to the spirit, if not the letter of the constitution of the United States), it would tend to promote general prosperity throughout the entire world.

Of course Mr. Roberts is not unmindful of the dislocations caused by war. His thinking has a broader and more far-reaching outlook than any particular period of time. His thought is fixed upon economic laws, which are as unchangeable as the laws which hold the stars in their courses. He has sought special advantage for no group; his chief—yes, his only—concern is the general welfare. Doubtless he puts his country first, but he knows that the United States of America can not remain a prosperious country in a non-prosperous world.

He is terrified, as he contemplates the present situation. Just the other day I received a letter from him, in which he said: "The future was never so menacing. Instead of the law of supply and demand in control, we have a hopeless struggle for group control over the government. This is the natural result of concentrating all power in the government." In another letter, he says that civilization was not in as great danger at the time of the Moslem invasion of Europe, or when Ghengis Khan was perpetrating his cruelities, as it is today.

His Optimism Threatened

As I was taking leave of Mr. Roberts a few weeks ago, after the delightful visit at his home, I said something about the wonderful life he had lived—for it has been ideal in every respect—the wife of his youth still by his side, a son, his successor, at the National City Bank, another son—manager of a large branch in downtown New York, a daughter happily married. He put his hand on my shoulder and said: "I have been an optimist most of my life but now it seems to me that all our government has stood for in the past is today in the discard." I admitted it was in eclipse, but added: "This is not the end. The principles for which you have stood are eternal. They must again rule in the hearts and homes of men, and in government, else our civilization is near its final eclipse. A great English statesman was once asked by a friend: "Do you think the conservatives will ever return to power?" "Of course they will," was the answer—"they have to. They always have to come back to clean up the mess the radicals have made." Mr. Roberts smiled, and said he hoped I was right.

He was always a strong, handsome man. Today at eighty--five he is erect and distinguished looking, and as I said in the beginning, his mental faculties as alert as they ever were. I can think of no better legacy he could leave to the country he has served with such distinction than to write a little volume which through the agency of some organization able to do it, could be distributed as widely to his fellow country men, as "Coin at School in Finance" was distributed.

I would have him, in this little volume, set down, in language just as simple as that which he used when he demolished Coin Harvey, the financial principles in which he believes, and his philosophy of industrial procedure, as well as the principles by which men may live together in the largest measure of happiness and prosperity to which man may reasonably hope to attain. I have urged him to do this. Perhaps he may. I certainly hope so.

Though absent from the state near half a century, Mr. Roberts still loves Iowa, and thinks of it as "home."

Economics is not an exact science. There are some economic laws, like Gresham's law as to bimetalism, the law of diminishing returns, and the law of supply and demand, which can never be suspended or repealed except by tyrannical fiat.

There have been and always will be economic theories without number. Some prove to be false; others true, when put to the test of experience. So far the thing George E. Roberts has stood for, although his advice has frequently gone unheeded, stand out as sound doctrine. We feel confident if—say 100 years hence—what Mr. Roberts has set down as sound economic theory should be compared with what others who wrote along economic lines said during the same period, he would find, could he come back to the scene of his activities, that he would have less to take back and be ashamed of than any other economist of the first half of the twentieth century.